

2008 Level III CFA Program Curriculum Outline

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* At Level III, Portfolio Management is frequently combined with Economics, Fixed Income, Equities, Alternative Investments, and Derivatives.

This list of source readings is for reference and planning purposes only. Candidates and preparatory providers should not rely on original source materials for CFA exam preparation. The CFA Program custom curriculum, specifically designed for candidates, is adapted from the original material and includes additional content, practice problems, and learning resources.

Study Session 1**Ethical and Professional Standards****Code of Ethics and Standards of Professional Conduct**

1. “Code of Ethics and Standards of Professional Conduct,” *Standards of Practice Handbook*, 9th edition (CFA Institute, 2005)
2. “Guidance” for Standards I – VII, *Standards of Practice Handbook*, 9th edition (CFA Institute, 2005)

Study Session 2**Ethical and Professional Standards in Practice**

3. “Ethics in Practice,” Philip Lawton (CFA Institute, 2005)
4. “The Consultant,” Jules A. Huot, *Ethics Cases* (CFA Institute, 1996: adapted 2005)
5. “Pearl Investment Management (A), (B), and (C),” Glen A. Holden, Jr., *Ethics Cases* (CFA Institute, 1996: adapted 2005)
6. *Asset Manager Code of Professional Conduct* (CFA Institute, Centre for Financial Market Integrity, 2005)

Study Session 3**Portfolio Management****Behavioral Finance**

7. “Heuristic-Driven Bias: The First Theme,” Ch. 2, *Beyond Greed and Fear: Understanding Behavioral Finance and the Psychology of Investing*, Hersh Shefrin (Oxford University School Press, 2002)
8. “Frame Dependence: The Second Theme,” Ch. 3, *Beyond Greed and Fear: Understanding Behavioral Finance and the Psychology of Investing*, Hersh Shefrin (Oxford University School Press, 2002)
9. “Inefficient Markets: The Third Theme,” Ch. 4, *Beyond Greed and Fear: Understanding Behavioral Finance and the Psychology of Investing*, Hersh Shefrin (Oxford University School Press, 2002)
10. “Portfolios, Pyramids, Emotions, and Biases,” Ch.10, *Beyond Greed and Fear: Understanding Behavioral Finance and the Psychology of Investing*, Hersh Shefrin (Oxford University School Press, 2002)
11. “Investment Decision Making in Defined Contribution Pension Plans,” Alistair Byrne, *Pensions* (Henry Stewart Publications, Vol. 10, 2004)
12. “The folly of forecasting: Ignore all economists, strategists, & analysts,” James Montier, *Global Equity Strategy* (Dresdner Kleinwert Wasserstein, 24 August 2005)
13. “A Survey of Behavioral Finance,” Ch. 18, *Handbook of the Economics of Finance* Nicholas Barberis and Richard Thaler (Elsevier Science B.V., 2003)
14. “Alpha Hunters and Beta Grazers,” Martin L. Liebowitz, *Financial Analysts Journal* (CFA Institute, September/October 2005)

Study Session 4**Portfolio Management****Private Wealth Management**

15. “Managing Individual Investor Portfolios,” Ch. 2, *Managing Investment Portfolios: A Dynamic Process*, 3rd edition, James W. Bronson, Matthew H. Scanlan, and Jan R. Squires (CFA Institute, 2007)
16. “Life-Cycle Investing,” Ch. 3, *Investment Management for Taxable Private Investors*, Jarrod Wilcox, Jeffrey E. Horvitz, and Dan diBartolomeo (The Research Foundation of CFA Institute, 2006)

17. Excerpts from “Lifestyle, Wealth Transfer and Asset Classes,” Ch. 4, and “Techniques for Improving After-Tax Investment Performance,” Ch. 6, *Investment Management for Taxable Private Investors*, Jarrod Wilcox, Jeffrey E. Horvitz, and Dan diBartolomeo (The Research Foundation of CFA Institute, 2006)
18. “Multiple Asset Locations,” Ch. 5, *Integrated Wealth Management: The New Direction for Portfolio Managers*, Jean L.P. Brunel (Euromoney Institutional Investors Plc, 2002)
19. “Low-basis stock,” Ch. 10, *Integrated Wealth Management: The New Direction for Portfolio Managers*, Jean L.P. Brunel (Euromoney Institutional Investors Plc, 2002)
20. “Goals-Based Investing: Integrating Traditional and Behavioral Finance,” Daniel Nevins, *Journal of Wealth Management* (Institutional Investors, 2004)

Study Session 5

Portfolio Management for Institutional Investors

21. “Managing Institutional Investor Portfolios,” Ch. 3, *Managing Investment Portfolios: A Dynamic Process*, 3rd edition, R. Charles Tschampion, Laurence B. Siegel, Dean J. Takahashi, and John L. Maginn (CFA Institute, 2007)
22. “Allocating Shareholder Capital to Pension Plans”, Robert C. Merton, Volume 18, *Journal of Applied Corporate Finance* (Morgan Stanley, Winter 2006)

Study Session 6

Portfolio Management

Economic Concepts for Asset Valuation in Portfolio Management

23. “Capital Market Expectations,” Ch. 4, *Managing Investment Portfolios: A Dynamic Process*, 3rd edition, John P. Calverley, Alan M. Meder, Brian D. Singer, and Renato Staub (CFA Institute, 2007)
24. “Macroanalysis and Microvaluation of the Stock Market,” Ch. 12, *Investment Analysis and Portfolio Management*, 8th edition, Frank K. Reilly and Keith C. Brown (South-Western, 2006)

Study Session 7

Portfolio Management

Asset Allocation

25. “Asset Allocation,” Ch. 5, *Managing Investment Portfolios: A Dynamic Process*, 3rd edition, William F. Sharpe, Peng Chen, Jerald E. Pinto, and Dennis W. McLeavey (CFA Institute, 2007)
26. “Linking Pension Liabilities to Assets,” Aaron Meder and Renato Staub (UBS Global Asset Management, 2006)

Study Session 8

Portfolio Management

Management of Passive and Active Fixed Income Portfolios

27. “Fixed-Income Portfolio Management-Part I,” Ch. 6, *Managing Investment Portfolios: A Dynamic Process*, 3rd edition, H. Gifford Fong and Larry D. Guin (CFA Institute, 2007)
28. “Relative-Value Methodologies for Global Credit Bond Portfolio Management,” Ch. 5, Jack Malvey, *Fixed Income Readings for the Chartered Financial Analyst® Program*, 2nd edition, Frank J. Fabozzi, editor (CFA Institute, 2005)

Study Session 9

Portfolio Management

Portfolio Management of Global Bonds and Fixed Income Derivatives

29. “Fixed-Income Portfolio Management-Part II,” Ch. 6, *Managing Investment Portfolios: A Dynamic Process*, 3rd edition, H. Gifford Fong, Larry D. Guin (CFA Institute, 2007)

30. “Hedging Mortgage Securities to Capture Relative Value,” Ch. 8, Kenneth B. Dunn, Roberto M. Sella, and Frank J. Fabozzi, *Fixed Income Readings for the Chartered Financial Analyst® Program*, 2nd edition, Frank J. Fabozzi, editor (CFA Institute, 2005)

Study Session 10

Portfolio Management

Equity Portfolio Management

31. “Equity Portfolio Management,” Ch. 7, *Managing Investment Portfolios: A Dynamic Process*, 3rd edition, Gary Gastineau, Andrew R. Olma, and Robert G. Zielinski (CFA Institute, 2007)
32. “International Equity Benchmarks,” Ch. 10, *Benchmarks and Investment Management*, Laurence B. Siegel (The Research Foundation of AIMR, 2003)
33. “Corporate Governance,” Ch. 1, *The Theory of Corporate Finance*, Jean Tirole (Princeton University Press, 2006)

Study Session 11

Portfolio Management

Alternative Investments for Portfolio Management

34. “Alternative Investments Portfolio Management,” Ch. 8, *Managing Investment Portfolios: A Dynamic Process*, 3rd edition, Jot K. Yau, Thomas Schneeweis, Thomas R. Robinson, and Lisa R. Weiss (CFA Institute, 2007)
35. “Swaps,” Ch. 8, *Derivatives Markets*, 2nd edition, Robert L. McDonald (Addison Wesley, 2006)
36. “Commodity Forwards and Futures,” Ch. 6, *Derivatives Markets*, 2nd edition, Robert L. McDonald (Addison Wesley, 2006)

Study Session 12

Portfolio Management

Risk Management

37. “Risk Management,” Ch. 9, *Managing Investment Portfolios: A Dynamic Process*, 3rd edition, Don M. Chance, Kenneth Grant, and John Marsland, (CFA Institute, 2007)

Study Session 13

Portfolio Management

Risk Management Applications of Derivatives

38. “Risk Management Applications of Forward and Futures Strategies,” Ch. 6, *Analysis of Derivatives for the CFA® Program*, Don M. Chance (AIMR, 2003)
39. “Risk Management Applications of Option Strategies,” Ch. 7, *Analysis of Derivatives for the CFA® Program*, Don M. Chance (AIMR, 2003)
40. “Risk Management Applications of Swap Strategies,” Ch. 8, *Analysis of Derivatives for the CFA® Program*, Don M. Chance (AIMR, 2003)

Study Session 14

Portfolio Management

Execution of Portfolio Decisions

41. “Execution of Portfolio Decisions,” Ch. 10, *Managing Investment Portfolios: A Dynamic Process*, 3rd edition, Ananth Madhavan, Jack L. Treynor, and Wayne H. Wagner (CFA Institute, 2007)

Study Session 15**Portfolio Management****Monitoring and Rebalancing**

42. “Monitoring and Rebalancing,” Ch. 11, *Managing Investment Portfolios: A Dynamic Process*, 3rd edition, Robert D. Arnott, Terence E. Burns, Lisa Plaxco, and Philip Moore (CFA Institute, 2007)

Study Session 16**Portfolio Management****Performance Evaluation and Attribution**

43. “Evaluating Portfolio Performance,” Ch. 12, *Managing Investment Portfolios: A Dynamic Process*, 3rd edition, Jeffrey V. Bailey, Thomas M. Richards, and David E. Tierney (CFA Institute, 2007)
44. “Global Performance Evaluation,” Ch. 12, *International Investments*, 5th edition, Bruno Solnik and Dennis McLeavey (Addison Wesley, 2003)

Study Session 17**Portfolio Management in a Global Context**

45. “The Case for International Diversification,” Ch. 9, *International Investments*, 5th edition, Bruno Solnik and Dennis McLeavey (Addison Wesley, 2003)
46. “Currency Risk Management,” Ch. 11, *International Investments*, 5th edition, Bruno Solnik and Dennis McLeavey (Addison Wesley, 2003)
47. “Emerging Markets Finance,” Geert Bekaert and Campbell R. Harvey, *Journal of Empirical Finance* (Elsevier, December 2003, Volume 10, Issue 5)
48. “Dreaming With BRICs: The Path to 2050,” Dominic Wilson and Roopa Purushothaman, Global Economics Paper No 99 (Goldman Sachs, 2003)

Study Session 18**Portfolio Management****Global Investment Performance Standards**

49. “Global Investment Performance Standards,” Ch. 13, *Managing Investment Portfolios: A Dynamic Process*, 3rd edition, Philip Lawton and W. Bruce Remington (CFA Institute, 2007)